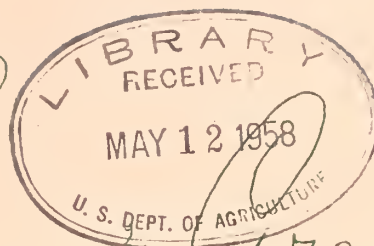


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Seasons Greetings

MILK MARKET INFORMATION
CHATTANOOGA TENNESSEE MARKETING AREA

Volume 1

November 1956

Number 4

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Federal Order No. 100, 3756 Ringgold Rd., Chattanooga 11, Tennessee
J. B. McCroskey, Market Administrator

MARKET SUMMARY NOVEMBER 1956

The Chattanooga Tennessee Order MINIMUM uniform price payable to producers for milk delivered during November to plants located less than 65 miles from City Hall, Chattanooga, Tennessee and distributing milk in Hamilton, Bradley and McMinn Counties Tennessee is \$5.02 per cwt. f.o.b. plants for milk testing 4.0% butterfat. It is reported by Chattanooga Area Milk Producers Association that their negotiated premium price will be \$5.22 for November producer milk testing 4.0% butterfat. The MINIMUM price for milk delivered to a pool plant in McMinnville (75-85 mile zone) is \$4.855 (the Order uniform price less 16.5 cents). The butterfat differential is 7.4¢ for each one tenth of one percent above or below 4 percent. (See page 3)

During November, 82.9 percent of total producer milk was priced in Class I @ \$5.35 per cwt., less handler location differential, with a handler butterfat differential of 7.9¢ and 17.1 percent was priced in Class II @ \$3.65 per cwt. with a butterfat differential of 7.1¢. (See page 3) The percent of producer skim and butterfat priced in Class I was 83.7% and 66.7% respectively. The daily average of producer milk during November increased 4.5 percent compared with October. The daily average use of Class I decreased 2.4 percent compared with October 1956.

The Order MINIMUM Class I price for December 1956 is \$5.40, an increase of 5 cents over the November Class I price. This increase results from a higher butter market and its effect on the butter-powder alternative in the basic formula price. (See page 4). It is reported by the Chattanooga Area Milk Producers Association that a minimum Class I price of \$5.60 for December 1956 was negotiated with certain handlers.

NOVEMBER 1956 CLASS II PRICE ANNOUNCEMENT

The handler Minimum Class II price for each month is announced on the fifth day of the following month. The Class II price for the months of September through January is the higher of two alternatives: (1) the butter-powder formula price or (2) the average price paid by four representative Tennessee cheese and condensing milk plants. The Class II price for the months of February through August is the average price paid by the four Tennessee cheese and condensing plants.

For November 1956 the Class II price was the butter-powder formula price of \$3.65. The December Class II price will be announced January 5th.

COMPARISON OF MILK RECEIPTS AND UTILIZATION

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	Nov. 1956	Oct. 1956	Sept. 1956
Number of Plants Reporting - Pool	17	17	16
Non-Pool	4	4	5
GROSS RECEIPTS (DAILY)			
Producer Milk Pounds	379384	363204	349163
% November '56 compared with:	100.0	104.5	108.7
Other Source Milk Pounds	22598	28204	23393
TOTAL MILK POUNDS	401982	391408	372556
% November '56 compared with:	100.0	102.7	107.9
GROSS UTILIZATION (DAILY)			
Class I Milk Pounds			
Fluid Milk	277541	282327	265487
Buttermilk	37725	37138	34919
Chocolate Milk	6713	7295	7353
Fluid Skim	4883	4847	4015
Fluid Creams	1965	1763	1675
Bulk Milk and Cream to Non-Handlers	3413	6352	11662
Class I Shrinkage	1796	2029	2311
Inventory Reclass.	(885)	(531)	(339)
Overstated Sales	(256)	(81)	-0-
TOTAL CLASS I MILK	332895	341139	327083
% November '56 compared with:	100.0	97.6	101.8
Class II Milk Pounds (Used to Produce)			
Butter	5639	4623	2069
Cheddar and Cottage Cheese	10087	9743	7172
Powder and Condensed Milk	35353	18336	13567
Ice Cream	12203	11393	8745
Inventory Variation	(1465)	(189)	6330
Other <u>1/</u>	7270	6363	7590
TOTAL CLASS II MILK	69087	50269	45473
% November '56 compared with:	100.0	137.4	151.9
% Producer Milk of Gross Class I	114.0	106.5	106.8
% Producer Skim of Gross Class I Skim	112.9	105.5	105.9
% Producer Bf. of Gross Cl. I Bf.	141.5	131.4	128.2
% Producer Milk Priced in Class I	82.9	88.2	87.8

DECEMBER 1956 CLASS I PRICE ANNOUNCEMENT

The handler Minimum Class I price under the Chattanooga Order is computed each month from a formula. For the current month a so-called basic formula price is determined from milk and dairy product price quotations for the prior month (see page 4) to which is added a Class I price differential of \$1.75 per cwt. for producing Grade A milk. The basic formula price is the highest of four alternative prices: (1) The average price paid farmers for manufacturing milk by thirteen representative Mid-West Condenseries, (2) A price computed for milk used to produce butter and cheese based upon the average price of 92 Score Wholesale Chicago butter and the average price for cheese on the Wisconsin Cheese Exchange, (3) A price computed for milk used to produce butter and powdered milk based upon the average price of 92 Score Wholesale Chicago butter and the average wholesale price of spray and roller process powdered milk in the Chicago area and (4) The average price paid by four representative Tennessee cheese and condensing milk plants.

The December Class I price computation is summarized as follows: (See page 4)

Basic formula price (November butter-powder formula)	\$3.65
Class I Differential	1.75
Class I Price, 4.0% butterfat f.o.b. pool plants	\$5.40

1/ Includes stockfeed, sour cream, overage and shrinkage.

SUMMARY OF COMPUTATION OF UNIFORM PRODUCER PRICES FOR NOVEMBER 1956

Based on 21 plant reports prior to audit

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	Class %	Milk Pounds	Butterfat Test	Price @ Test	Value
Gross Class I		9986835	3.684		
Less Other Source		550785	3.777		
Producer Milk Class I	82.9	9436051	3.678816	\$5.088098 ^{1/}	\$480115.52
Gross Class II		2072611	8.377		
Less Other Source		127138	0.000		
Producer Milk Class II	17.1	1945473	8.924256	7.146222	139027.82
TOTAL PROD. (Cl.I + Cl.II)	100.0	11381524	4.575433		619143.34
Less Fractional Adjustment					.03
Add Unpriced Milk Allocated to Cl. I		159074		0.33	524.95
Add Overage Value & Prod. Location Adj.					1594.88
Add Inventory Reclass. Value					-0-
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					3627.68
TOTAL VALUE AT TEST		11381524	4.575433		624890.82
Less Test Over $\frac{1}{4}$ @ 7.4¢ per point		11381524	.575433		48464.81
TOTAL VALUE AT $\frac{1}{4}$		11381524	4.000000	5.064577	576426.01
Less Producer-Settlement Fund Reserve		11381524		.044577	5073.54
UNIFORM PRICE f.o.b. POOL PLANT (0-65 miles)		11381524	4.0	5.02 ^{2/}	571352.47

NOVEMBER 1956 MINIMUM PRODUCER PRICES f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone) ^{2/}
BUTTERFAT DIFFERENTIAL 7.4¢ PER POINT (Excludes Premiums)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0	\$4.28	3.6	\$4.724	4.2	\$5.168	4.8	\$5.612	5.4	\$6.056
3.05	4.317	3.65	4.761	4.25	5.205	4.85	5.649	5.45	6.093
3.1	4.354	3.7	4.798	4.3	5.242	4.9	5.686	5.5	6.130
3.15	4.391	3.75	4.835	4.35	5.279	4.95	5.723	5.55	6.167
3.2	4.428	3.8	4.872	4.4	5.316	5.0	5.76	5.6	6.204
3.25	4.465	3.85	4.909	4.45	5.353	5.05	5.797	5.65	6.241
3.3	4.502	3.9	4.946	4.5	5.390	5.1	5.834	5.7	6.278
3.35	4.539	3.95	4.983	4.55	5.427	5.15	5.871	5.75	6.315
3.4	4.576	4.0	5.02	4.6	5.464	5.2	5.908	5.8	6.352
3.45	4.613	4.05	5.057	4.65	5.501	5.25	5.945	5.85	6.389
3.5	4.650	4.1	5.094	4.7	5.538	5.3	5.982	5.9	6.426
3.55	4.687	4.15	5.131	4.75	5.575	5.35	6.019	5.95	6.463

MILK PLANT OPERATORS

The operators of the following plants filed reports for November 1956 with the Market Administrator of the Federal Milk Order for the Chattanooga Area:

Pool Plants

Associated Dairies, Inc.
Avalon Dairies
Chattanooga Area Milk Prod. Assoc.
Cleveland Creamery
College Creamery
J. K. Cunningham & Son
Grant-Patten Milk Co.
Happy Valley Farms
C. D. Haslerig & Sons
Home Stores, Inc.
Mayfield Creamery

Pool Plants

Meadow Brook Farms, Inc.
Ray Moss Farms
Sanders Dairy
Sterchi & Sons Dairy
Varnell Dairy
Vest Dairy Products
Non-Pool Plants
Farm Fields Dairy
J. M. Nance & Son
Russell Dairies
Southern Dairies, Inc.

^{1/} Adjusted for handler location differential.

^{2/} Producer price less 16.5 cents at McMinnville (75-85 mile zone)

SUMMARY OF CHATTANOOGA MILK PRICES (4 PERCENT MILK)

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Month	PRODUCER UNIFORM PRICES				HANDLER CLASS PRICES			
	Per hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Sept. '56	\$5.00	-	-	7.2¢	\$5.28	7.7¢	\$3.57	6.9¢
Oct.	5.08 ^{1/2}	-	-	7.3¢	5.32	7.8¢	3.60	7.0¢
Nov.	5.02 ^{1/2}	-	-	7.4¢	5.35 ^{1/2}	7.9¢	3.65	7.1¢
Dec.	-	-	-	-	5.40 ^{1/2}	8.0¢	-	-

SUMMARY OF PRICES USED IN DETERMINING CLASS PRICES

Month	AVERAGE QUOTATIONS			ALTERNATIVE FORMULAS				Highest or Basic Formula \$-cwt-4%
	Chi. 92° Butter ¢ lb.	Chi. Area Powders ¢ lb.	Wisc. Cheese ¢ lb.	Cond. Mid-West \$-cwt-4%	Butter- Cheese \$-cwt-4%	Butter- Powder \$-cwt-4%	4 Tenn. Milk mfgs \$-cwt-4%	
Nov. '55	57.856	14.500	31.822	3.50	3.15	3.49		3.50
Dec.	57.702	14.485	31.750	3.50	3.14	3.44		3.50
Jan. '56	57.375	14.430	31.750	3.47	3.12	3.43		3.47
Feb.	57.375	14.135	31.750	3.43	3.12	3.43		3.43
Mar.	57.375	14.205	31.700	3.39	3.12	3.43		3.43
Apr.	58.280	14.460	32.833	3.38	3.18	3.47		3.47
May	59.170	14.470	33.164	3.40	3.23	3.52		3.52
June	59.125	14.305	33.170	3.40	3.23	3.51		3.51
July	59.208	14.155	33.188	3.41	3.23	3.52		3.52
Aug.	59.462	14.310	33.175	3.44	3.24	3.53	3.08	3.53
Sept.	60.283	14.280	33.172	3.54	3.28	3.57	3.12	3.57
Oct.	60.842	14.225	33.094	3.58	3.30	3.60	3.16	3.60
Nov.	61.881	14.305	33.000	3.63	3.35	3.65	3.21	3.65

SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE)

Month	GROSS POUNDS MILK 2/					Number of		Deliveries Per Farm -- Pounds			Prod. Milk
	Class I	Producer	Base	Excess	Total	Plants	Prods.,	Prod.	Base	Excess	Test
Sept. '56	327083	349163	-	-	372556	21	803	435	-	-	4.43
Oct.	341139	363204	-	-	391408	21	852	426	-	-	4.51
Nov.	332895	379384	-	-	401982	21	849	447	-	-	4.58

NOVEMBER MARKET SUMMARIES - 17 POOL PLANTS AND 4 NON-POOL PLANTS

Classification by Source

	Total		Class I		Class II	
	Pounds	%	Pounds	%	Pounds	%
Producer Milk	11381524	94.4	9436051	94.5	1945473	93.9
Other Source Milk	677923	5.6	550785	5.5	127138	6.1
Total	12059447	100.0	9986836	100.0	2072611	100.0

Classification by Use

	Total		Producer Milk		Other Source	
	Pounds	%	Pounds	%	Pounds	%
Class I	9986836	82.8	9436051	82.9	550785	81.2
Class II	2072611	17.2	1945473	17.1	127138	18.8
Total	12059447	100.0	11381524	100.0	677923	100.0

^{1/} Excludes Premium^{2/} Other Source equals difference between Producer and Total; Class II equals difference between Class I and Total.